

## Research

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# Sumitomo Mitsui Financial Group Inc. (Holding Company)

Sumitomo Mitsui Banking Corp. (Lead Bank)

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Sumitomo Mitsui Banking Corp. (Lead Bank)

<b>SACP</b>	<b>a</b>		+	<b>Support</b>	<b>0</b>		+	<b>Additional Factors</b>	<b>0</b>	
<b>Anchor</b>	<b>bbb+</b>			<b>ALAC Support</b>	<b>0</b>			<b>Issuer Credit Rating</b>		
<b>Business Position</b>	<b>Strong</b>	<b>+1</b>		<b>GRE Support</b>	<b>0</b>			<b>A/Positive/A-1</b>		
<b>Capital and Earnings</b>	<b>Adequate</b>	<b>0</b>		<b>Group Support</b>	<b>0</b>			<b>Bank Holding Company ICR</b>		
<b>Risk Position</b>	<b>Adequate</b>	<b>0</b>		<b>Sovereign Support</b>	<b>0</b>			<b>A-/Positive/NR</b>		
<b>Funding</b>	<b>Above Average</b>	<b>+1</b>								
<b>Liquidity</b>	<b>Strong</b>									

## Major Rating Factors

Strengths:	Weaknesses:
<ul style="list-style-type: none"> <li>• Strong business position backed by a leading market position in Japan</li> <li>• Strong liquidity and stable funding backed by a large retail deposit base</li> <li>• High likelihood of extraordinary government support if needed</li> </ul>	<ul style="list-style-type: none"> <li>• Continued decline in net interest margins on domestic loans because of a tough competitive environment</li> <li>• Weak retail deposit base to cover funding needs for expanding overseas assets</li> </ul>

### Outlook: Positive

S&P Global Ratings' outlooks on Sumitomo Mitsui Financial Group Inc. (SMFG) and Sumitomo Mitsui Banking Corp. (SMBC), the group's core banking subsidiary, are positive. The outlooks reflect our view that we could also raise our issuer credit ratings on SMFG and its core banking subsidiaries--which incorporate our assessment of potential extraordinary government support--in the next two years if we raise our long-term sovereign rating on Japan. We view SMFG's unsupported group credit profile (GCP) as stable while the outlook on Japan's sovereign rating is positive.

Conversely, we may revise the outlook to stable if the group's risk-adjusted capital (RAC) ratio hovers below 7% due to rapid growth in its risk-weighted assets; or its loss-absorbing capacity weakens due to an imbalance between credit costs and profitability.

## Rationale

The ratings on SMFG and its core banking subsidiaries reflect S&P Global Ratings' view that the group maintains a strong competitive position in Japan's commercial banking and retail financial markets and that SMFG's revenue is well diversified by region and business line. Our RAC ratio for SMFG has been improving in recent years thanks to its measures to restructure group companies and reduce strategically held shareholdings. These are part of its endeavors to meet banking regulatory requirements for global systemically important institutions (G-SIBs) and to strengthen its governance structure.

Meanwhile, lending spreads for the domestic corporate sector continue to decline although profitability in the group's domestic business remains competitive compared with its domestic peers. Therefore, we expect the group to strive to maintain its current profitability by continuously increasing the proportion of its overseas exposure at a moderate pace. We assess the group's unsupported GCP as 'a'.

The group has a high likelihood of receiving extraordinary government support in times of need, in our opinion. However, this does not provide any uplift to the ratings as long as our sovereign rating on Japan is 'A+'. We believe the group's nonoperating holding company, SMFG, is also likely to receive extraordinary government support. However, the long-term issuer credit rating on SMFG is one notch lower than those on its core operating banks, reflecting structural subordination as a nonoperating holding company.

**Table 1**

Sumitomo Mitsui Financial Group Inc. Key Figures					
	Fiscal Year*				
(Bil. ¥)	2017	2016	2015	2014	2013
Adjusted assets	189,608	188,755	178,188	175,355	154,148
Customer loans (gross)	75,275	82,633	77,053	74,977	70,055
Operating revenues	3,020	2,945	2,868	2,970	2,908
Noninterest expenses	1,791	1,783	1,697	1,633	1,541
Core earnings	864	829	829	890	969

\*Fiscal year ended March 31 of the following year.

### Anchor: 'bbb+' for SMFG, reflecting an economic risk score of '3' with rising overseas exposure

Our bank criteria use our Banking Industry Country Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating (ICR). We assess SMFG's anchor as 'bbb+', which is one notch below the anchor for a bank operating primarily in Japan.

The economic risk in Japan's banking sector is relatively low by global comparison. Japanese banks benefit from operating in a large and diversified economy with various competitive industries. In addition, debt held by corporations and individuals generally grow moderately, which leads to sound financial profiles in the private sector. Meanwhile, core retail deposits constitute a large share of systemwide funding needs.

These strengths offset certain structural weaknesses such as Japan's aging society, low economic growth, and the government's limited fiscal flexibility to stimulate the economy because of its debt level, which is one of the highest

among developed countries. In addition, we view industry risk as incrementally higher because of competitive dynamics facing Japanese banks. Bank profitability is likely to weaken further amid the current negative interest rate environment, a certain degree of overcapacity, and high competition.

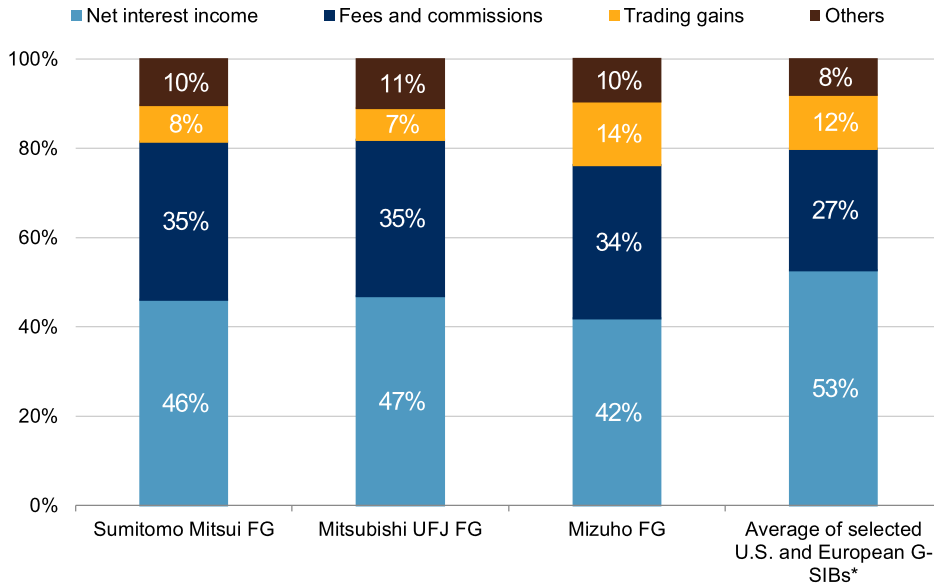
The combination of SMFG's weighted-average economic risk score of '3' and Japan's industry risk score of '3' results in an anchor of 'bbb+' for the group. We assess SMFG's economic risk score as '3' to reflect expansion of the group's exposure to overseas markets we regard as having higher economic risk than Japan. We believe SMFG's overseas exposure will continue to rise as the group tries to offset weakening profitability in the domestic market.

We currently apply weightings of SMFG's credit exposure as 70% for Japan (economic risk score: '2'), 10% for the U.S. ('3'), 10% for Asia-Pacific ('5'), 5% for Europe ('4'), and 5% for the rest of the world ('5'). Given that SMFG has a relatively large proportion of securities investments on its balance sheet, in addition to its loan book, we use weightings of credit exposure by country or region in our preliminary analysis of the group's economic risk scores.

In assessing weighted economic risk for the group, we also consider qualitative assessments such as its business strategies, which include minority stakes of affiliated banks in Indonesia and Hong Kong as well as deconsolidation of regional banks and a leasing company. In addition, Japan's low interest rate environment and limited growth in credit demand have lowered SMFG's interest income at home. We thus believe the group's recent overseas expansion is unlikely to ease for the next one to two years.

### **Business position: Strong in domestic commercial and retail banking**

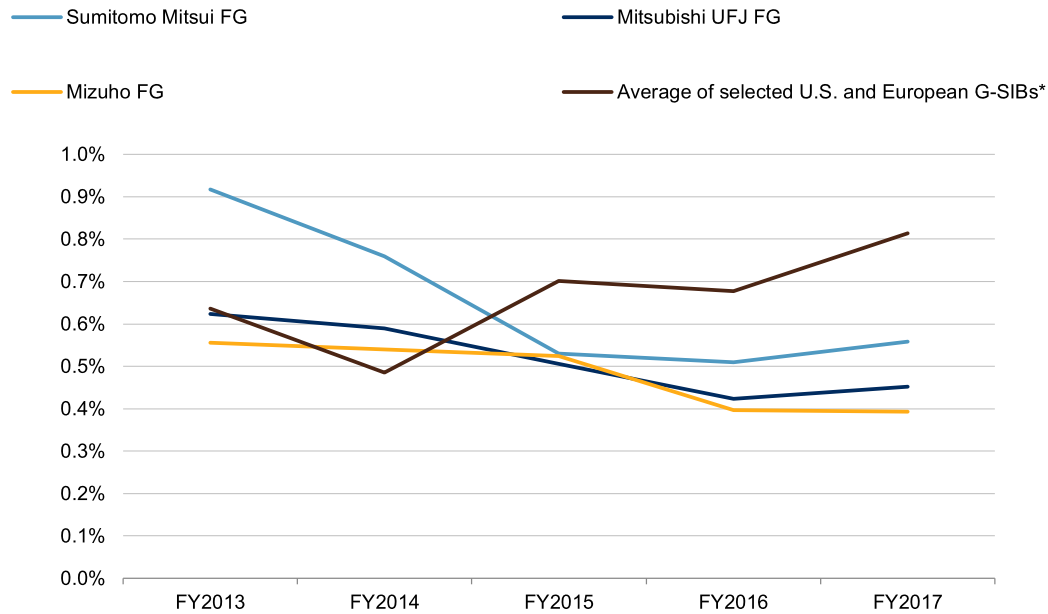
In our view, SMFG maintains a strong competitive position, leading us to assess its business position as strong. With total assets of ¥199 trillion as of March 31, 2018, SMFG is a bank holding company that owns one of the largest banks in Japan. The group's main operating bank, Sumitomo Mitsui Banking Corp. (SMBC), has a nationwide network and conducts traditional commercial banking services. As a group, SMFG's revenue is well diversified by region and business line, including leasing, brokerage and investment services, credit card, and consumer finance.

**Chart 1****Breakdown Of Operating Revenue In Comparison With Domestic And Foreign Banks (As Of Fiscal 2017)**

\*Global systemically important banks: Citigroup, Bank of America, JP Morgan Chase, Barclays, HSBC, BNP Paribas, and Deutsche Bank. Source: S&P Global Ratings, based on company disclosures. Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

SMFG has expanded its overseas operations in the past several years, and these international banking businesses' contributions to group revenues and profits are rising. In fiscal 2017 (ended March 31, 2018), international banking profits made up 32% of SMFG's total net operating profits. We believe the group will continue to strengthen its overseas businesses, such as banking in Asia excluding Japan. However, SMFG does not have an extensive retail deposit base outside Japan. This may pressure its ability to take on foreign-currency funding stably when market conditions deteriorate, which contrasts with its ample liquidity and abundant funding in the domestic currency. This will also constrain further growth of its overseas business. As a result, through flexible control of its overseas loan assets, the group aims to strengthen its revenue base in areas that do not require material growth in foreign-currency assets.

**Chart 2**  
**Changes In Pretax ROA**



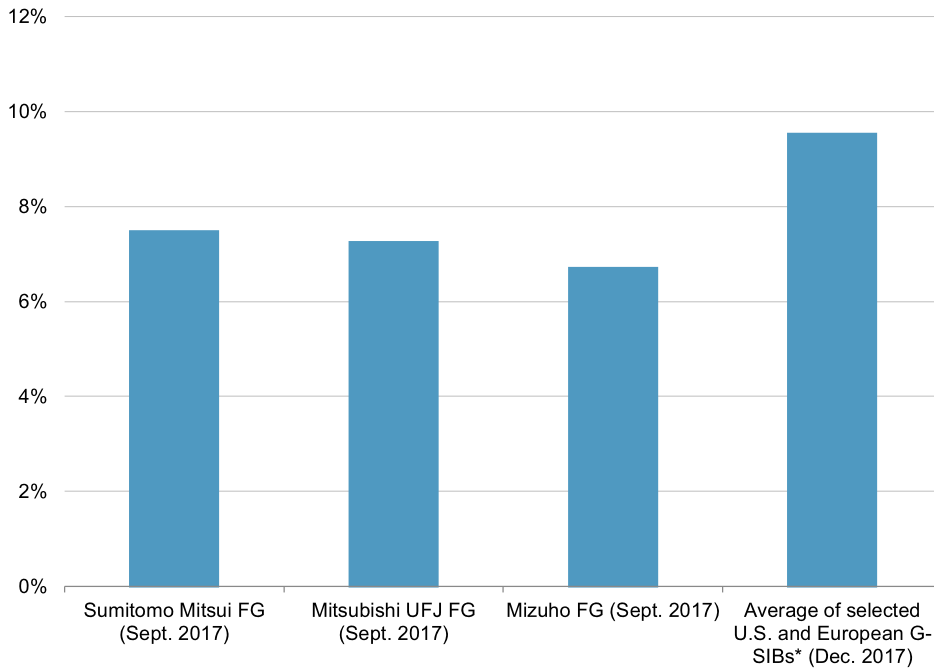
\*Global systemically important banks: Citigroup, Bank of America, JP Morgan Chase, Barclays, HSBC, BNP Paribas, and Deutsche Bank. Source: S&P Global Ratings, based on company disclosures. Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

SMFG has stable customer bases in both retail and corporate banking in Japan. Domestic retail deposits are sticky (in other words, stable). SMFG has strong "main bank relationships" with many corporate customers, and these customers have maintained long-term relationships with the group. SMFG has established groupwide business units to further support client needs by integrating its management structure beyond the group's legal entities, including SMBC, a main banking operation, and other nonbank group companies.

### **Capital and earnings: A projected RAC ratio of above 7%, indicating adequate capital**

We assess SMFG's capital and earnings as adequate. The group's RAC ratio improved steadily to 7.5% as of Sept. 30, 2017, from less than 6% as of March 31, 2012. We expect SMFG to increase its risk-weighted assets modestly because of Basel banking regulatory requirements and SMFG's limited capacity to take on foreign-currency funding at competitive rates.

**Chart 3**  
**Comparison Of RAC Ratios**



\*Simple average of seven global systemically important banks: Citigroup, Bank of America, JP Morgan Chase, Barclays, HSBC, BNP Paribas, and Deutsche Bank. S&P Global Ratings, based on company disclosures. Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

SMFG's RAC ratio is susceptible to volatility in unrealized gains on equity holdings. As of Sept. 30, 2017, about 14% of its risk-weighted assets--the denominator of the RAC ratio--was attributable to market-risk exposure, which includes exposure to equities and fund-related holdings in its banking account (excluding the trading account). If a fall in stock prices push down unrealized gains, its risk-weighted assets would increase and push down its RAC ratio. This is because we factor in unrealized gains in such exposure. Nevertheless, we estimate that the RAC ratio would remain around 7% even if the unrealized gains were to be half of ¥2.4 trillion, which was the amount as of Sept. 30, 2017, provided that other factors remain unchanged.

Table 2

Sumitomo Mitsui Financial Group Inc.'s Risk-Weighted Assets And RAC Ratio (As Of Sept. 30, 2017)	
(Bil. ¥)	
<b>S&amp;P Global Ratings' risk-weighted assets (S&amp;P RWA): Total credit risk (1)</b>	83,459
Government and central banks	1,279
Institutions and CCPs	3,668
Corporate	62,324
Retail	8,283
Securitization	2,252
Other assets	5,653
<b>S&amp;P RWA: Credit valuation adjustment (2)</b>	0
<b>S&amp;P RWA: Total market risk (3)</b>	19,706
<b>S&amp;P RWA: Total operational risk (4)</b>	5,568
<b>S&amp;P RWA before diversification (5)=(1)+(2)+(3)+(4)</b>	108,733
<b>Total adjusted capital (TAC) (6)</b>	8,134
<b>Risk-adjusted capital (RAC)(%) (7)=(6)/(5)</b>	7.5

We assess SMFG's capital quality as adequate. Its ratio of hybrid securities to total adjusted capital (TAC) was about 11% as of March 31, 2018. We include its Additional Tier 1 hybrids in our TAC calculation because of their coupon deferral and principal write-down features. Conversely, we do not include SMFG's Basel III Tier 2 hybrids in our TAC calculation because we regard their equity content as low. These hybrids with low equity content, which are eligible for inclusion in the calculation of regulatory capital, accounted for about 17% of the group's TAC as of March 31, 2018.

We estimate SMFG's earnings buffer at 40 bps-60 bps over the next one to two years. We consider this as modest, reflecting our view of a continued decline in net interest margins, primarily in loans to domestic corporate borrowers. We base our estimate on our assumption that the normalized loss rate over its credit risk exposure would be at about 0.27% under our RAC framework. However, the group's actual credit costs have remained low in the past few years amid Japan's stable credit market.

We believe SMFG will have stable revenues because of the group's limited reliance on highly volatile business. Net interest income and fees and commissions made up 81% of the group's gross operating income in fiscal 2017. Trading revenues, which it earned mainly from trading gains on government bonds, made up a limited share of less than 10%. While the group had strong cost efficiency in the past relative to domestic peers, its overhead ratio rose above 62% in fiscal 2016 from about 55% in fiscal 2015. To address this, the group aims to improve productivity and efficiency through digitalization and reorganization of retail branches. SMFG is also reorganizing group companies, such as deconsolidating regional banks and a leasing company, with the goal of improving its overhead ratio to about 60% in the medium to long term. (The ratio was 60.9% as of March 31, 2018.)



**Table 3**

Sumitomo Mitsui Financial Group Inc. Capital And Earnings					
(% )	Fiscal Year*				
	2017	2016	2015	2014	2013
Tier 1 capital ratio	16.7	14.1	13.7	12.9	12.2
Double leverage	111.4	111.7	116.7	124.0	132.3
Net interest income/operating revenues	46.0	46.1	49.6	50.7	51.0
Fee income/operating revenues	35.4	34.5	35.1	33.7	33.9
Market-sensitive income/operating revenues	8.5	9.5	9.7	8.2	7.3
Noninterest expenses/operating revenues	59.3	60.5	59.2	55.0	53.0
Preprovision operating income/average assets	0.6	0.6	0.6	0.8	0.9
Core earnings/average managed assets	0.4	0.4	0.4	0.5	0.6

\*Fiscal year ended March 31 of the following year.

### Risk position: Limited volatile businesses and stable asset quality

We assess SMFG's risk position as adequate. We expect its loan portfolio to grow moderately and its performance to remain stable. In our view, SMFG's major risk is credit risk related to commercial banking. Corporate exposure made up about 75% of SMFG's credit-risk assets (as defined under our RAC framework) as of the end of September 2017, while retail exposure made up 10%. The group's asset quality has remained stable in the last few years. Its ratio of gross nonperforming loans (NPLs) was low at 0.9%, and the ratio of its credit costs to average loan balance was about 0.1% as of March 31, 2018.

**Table 4**

Sumitomo Mitsui Financial Group Inc. Risk Position					
(% )	Fiscal Year*				
	2017	2016	2015	2014	2013
Growth in customer loans	(8.9)	7.2	2.8	7.0	4.1
New loan loss provisions/average customer loans	0.1	0.2	0.1	0.0	(0.1)
Net charge-offs/average customer loans	0.3	0.3	0.1	0.1	0.3
Gross nonperforming assets/customer loans + other real estate owned	0.9	1.1	1.2	1.5	1.9
Loan loss reserves/gross nonperforming assets	81.6	74.4	67.5	60.9	56.6

\*Fiscal year ended March 31 of the following year.

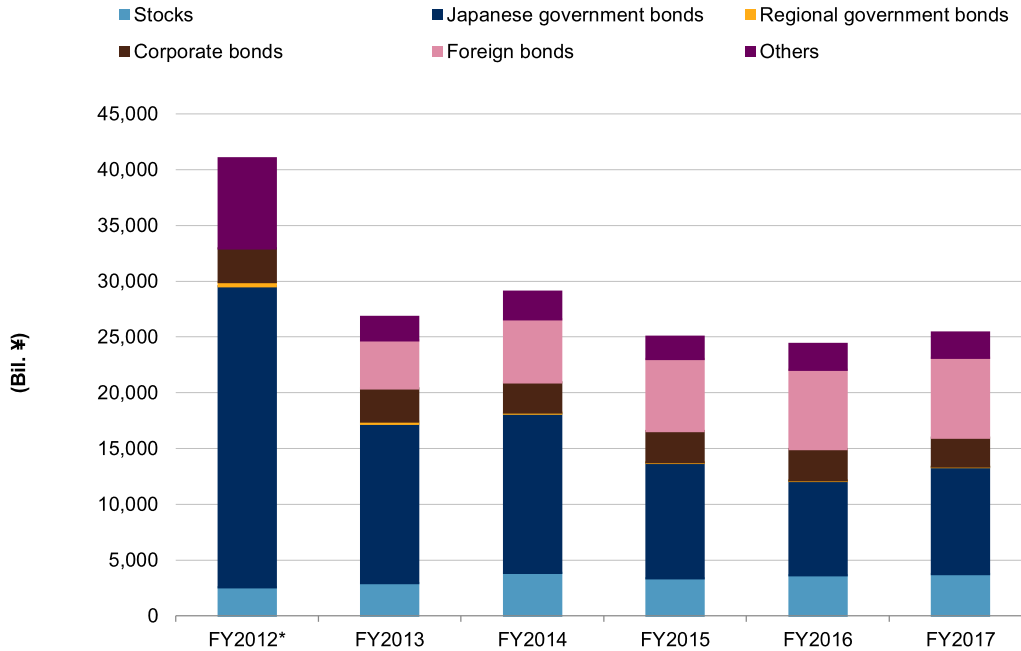
Nevertheless, credit costs generally reflect past loan performance; therefore, higher credit risk may not be fully captured. We regard sharp fluctuations in exchange rates and a decline in Japan's GDP as potential risk factors for SMEs' credit quality. In addition, one characteristic of Japan's banking industry is a "main bank" business practice, where banks and corporations value long-term stable relationships. Thus, if the business performance of SMFG's "intimate" large borrowers deteriorates, the group may incur large losses or experience an increase in NPLs.

SMFG is focused on overseas expansion, mainly in the lending business. The international business division held about 33% of its groupwide regulatory risk-weighted assets as of March 31, 2018. Such exposure is concentrated on high-quality, large corporate entities and asset-backed lending such as project finance mainly in Asia, Europe, and the U.S. Overseas loans dominate the distribution of assets with low probability of default under the group's internal rating

scores. Therefore, the group's overseas loan portfolio is unlikely to cause losses far exceeding the normalized loss rate under our RAC framework, in our opinion.

#### Chart 4

#### Changes In Sumitomo Mitsui Financial Group Inc.'s Securities Holdings (Held-To-Maturity And Available-For-Sale)



\*\*"Others" in FY2012 include foreign bonds. Note: Fiscal years end March 31 of the following year.

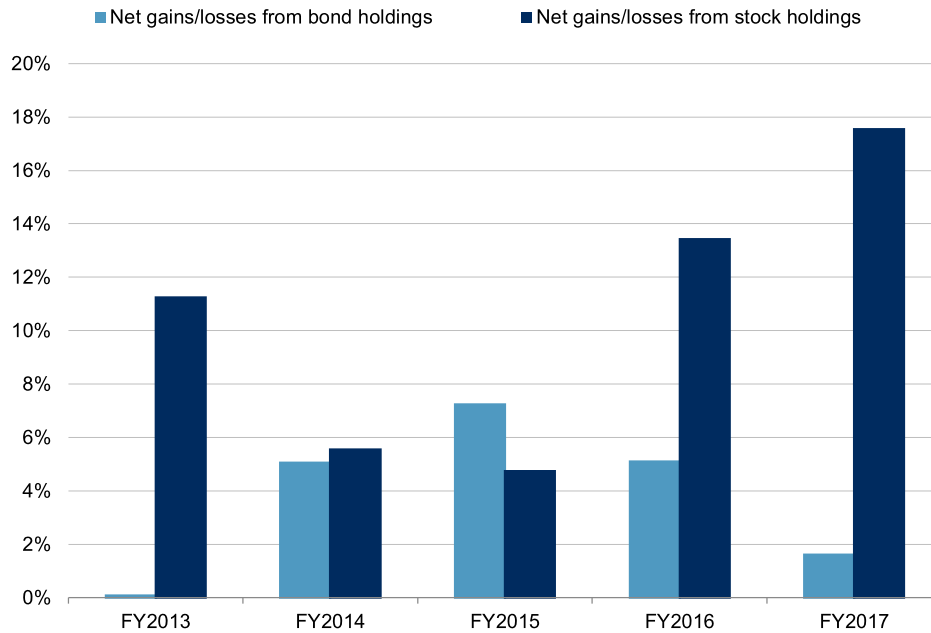
Source: S&P Global Ratings, based on company disclosures.

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We believe SMFG faces high market risk from its cross-shareholdings and government bond portfolio. In particular, its banking book has relatively high exposure to interest rate risk not covered by the RAC framework. Nevertheless, SMFG had reduced its Japanese government bond holdings to about ¥9.6 trillion as of March 31, 2018 (down to about 35% of the level as of March 31, 2013). SMFG held about ¥7.2 trillion of foreign bond holdings as of March 31, 2018. We believe SMFG will be able to manage interest risk, and therefore we do not view this as a factor that lowers our assessment of the group's risk position.

Chart 5

### Sumitomo Mitsui Banking Corp.'s Net Gains/Losses From Bond And Stock Holdings As A Percentage Of Pretax Profit



Note: Fiscal years end March 31 of the following year.

Source: S&P Global Ratings, based on company disclosures.

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In our view, SMFG benefits from risk diversification under our RAC framework. The RAC ratio after concentration or diversification adjustments was 0.3 percentage point higher than the nonadjusted ratio as of Sept. 30, 2017.

In our view, SMFG's business complexity is average compared with that of major global financial groups. The group has extensive operations in multiple countries and regions, making its business somewhat complex. However, the investment banking business accounts for a limited portion of the group's overall earnings, in our view.

#### Funding and liquidity: Solid core deposit base and ample liquidity

SMFG's funding is above average and its liquidity position is strong, in our opinion. SMFG has a large pool of domestic retail customers, which provides a stable base of core deposits that it draws from for its funding needs. As of March 31, 2018, core customer deposits made up 70% of its funding base. At the same time, the group's stable funding ratio, as defined by S&P Global Ratings, exceeded 120% (involving some proxies for calculating the ratio) and held steady above 100%.

SMFG's ratio of total loans to customer deposits [(loans + lease receivables and lease assets - loan loss reserve) / (deposits excluding negotiable certificate of deposits)] was 65% as of March 31, 2018, indicating strong liquidity. Unrestricted cash and Japanese government bond holdings more than covered its short-term wholesale funding, which also indicates strong liquidity.

We consider SMFG's ability to secure foreign-currency funding as a constraint on further growth in its overseas loan portfolio. SMFG is dependent on wholesale funding in foreign currencies because it lacks an overseas retail deposit base. Nevertheless, SMFG has embarked on measures to secure stable foreign-currency funding, in our view. For example, SMFG has reduced funding from U.S. dollar-denominated commercial paper (CP) and commercial debt (CD), in response to U.S. structural reform of prime money market funds (MMFs) in October 2016. Overseas loans extended by SMBC and the group's major overseas banking subsidiaries increased about 30% during the five years through March 31, 2018, excluding the effects of foreign exchange rates. In tandem with this, its foreign-currency funding increased during the same period. In fact, SMFG secured stable foreign-currency funding by increasing customer deposits, including the central bank deposits, by more than 80% while reducing its dependency on the CP/CD markets (down 30%). In addition, its outstanding balance of foreign-currency-denominated bonds, including total loss-absorbing capacity (TLAC) debt, has increased about 60% in the past three years, indicating its reduced reliance on short-term market funding in foreign-currencies.

**Table 5**

Sumitomo Mitsui Financial Group Inc. Funding And Liquidity					
	Fiscal Year*				
(%)	2017	2016	2015	2014	2013
Core deposits/funding base	69.7	70.8	71.1	66.0	68.7
Customer loans (net)/customer deposits	64.2	69.6	69.1	73.5	73.5

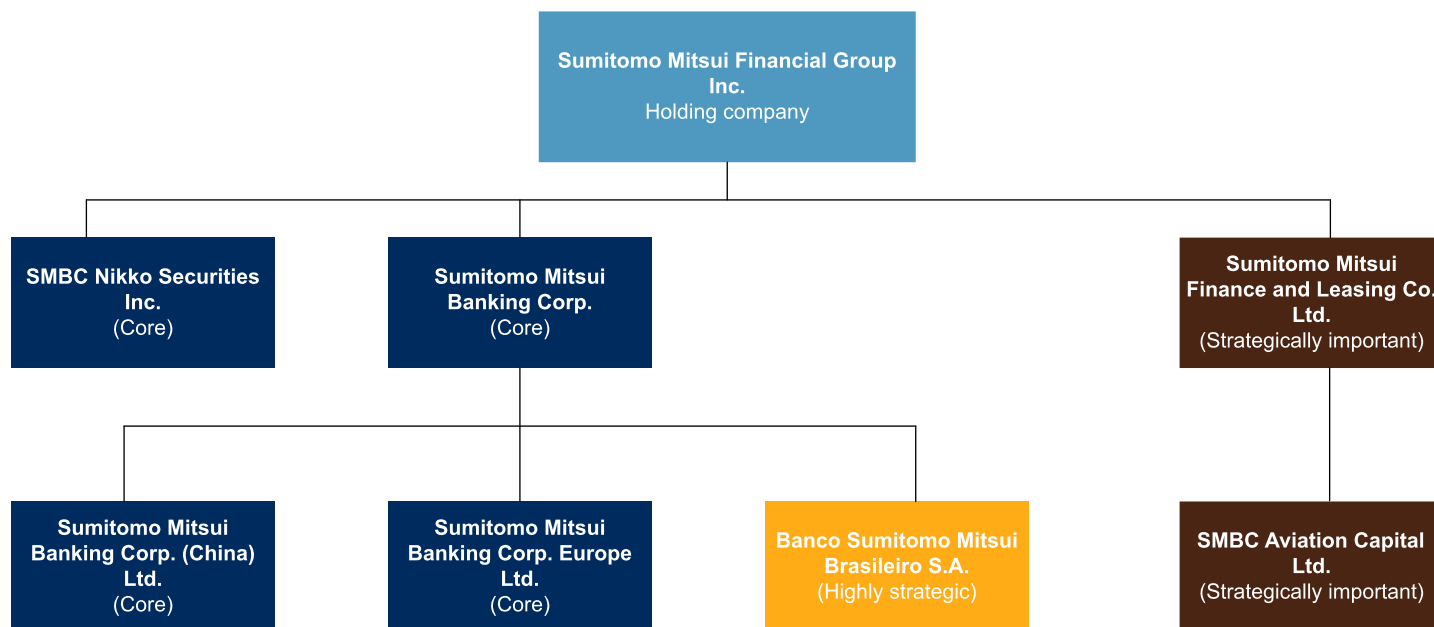
\*Fiscal year ended March 31 of the following year.

### Support: High systemic importance in Japan

We consider SMFG highly likely to receive extraordinary government support in times of need. This reflects our view of the group's high systemic importance in Japan and the government's highly supportive tendency toward private-sector banks in Japan. We base our assessment on SMFG's large presence in the Japanese financial system as one of the three megabank groups, as well as laws stipulating potential support, and the government's record of support for the banking sector.

Nevertheless, ICRs on SMFG's core operating banks are on par with the group's unsupported GCP even after taking into consideration the group's likelihood of receiving extraordinary government support. This is because SMFG's SACP is only one notch lower than the sovereign rating on Japan, which limits the degree of government support factored into the ICRs.

**Chart 6**  
**Sumitomo Mitsui Financial Group Rated Entities**



Note: Entities in the chart include non-Japan registered ratings. Group status based on S&P Global Ratings' Group Rating Methodology. Source: S&P Global Ratings, using our Group Rating Methodology. Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

### Hybrid issue ratings

We rate subordinated bonds that SMFG issued in 2014--Basel III-compliant subordinated bonds--as 'BBB+', two notches below our unsupported GCP for the group. The notching reflects subordination risk and structural subordination because the bonds are issued by the nonoperating holding company. We did not deduct any additional notch for loss absorption upon the occurrence of a nonviability event. This is because:

- We believe the government would likely provide extraordinary, preemptive support to systemically important banks at a relatively early stage if they were to suffer financial distress; and
- Preemptive government support through a capital injection would not constitute a nonviability event and, therefore, would not lead to a writedown of principal or equity conversion of the hybrid.

We rate preferred securities issued by SMFG's special-purpose corporations--Basel II-compliant preferred securities included in the Tier 1 capital ratio--as 'BBB-', four notches lower than our unsupported GCP for the group. The notching from the group's unsupported GCP reflects subordination risk, partial or untimely payment risk on the dividends as Tier 1 capital, and structural subordination because the securities are linked to the nonoperating holding company.

## Related Criteria

- Risk-Adjusted Capital Framework Methodology, July 20, 2017
- Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Guarantee Criteria, Oct. 21, 2016
- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- Group Rating Methodology, Nov. 19, 2013
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Commercial Paper I: Banks, March 23, 2004

Anchor Matrix										
Industry Risk	Economic Risk									
	1	2	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

## Ratings Detail (As Of August 30, 2018)

### Sumitomo Mitsui Financial Group Inc.

Issuer Credit Rating	A-/Positive/NR
Senior Unsecured	A-
Subordinated	BBB+

### Issuer Credit Ratings History

16-Apr-2018	A-/Positive/NR
29-Nov-2017	A-/Stable/NR
29-Nov-2016	A-/Positive/NR
27-Nov-2015	A-/Stable/NR
17-Sep-2015	A-/Stable/A-2

## Ratings Detail (As Of August 30, 2018) (cont.)

**Sovereign Rating**

Japan A+/Positive/A-1

**Related Entities****Banco Sumitomo Mitsui Brasileiro S.A.**

Issuer Credit Rating

*Brazil National Scale*

brAAA/Stable/brA-1+

**SMBC Aviation Capital Ltd.**

Issuer Credit Rating

BBB+/Stable/--

**SMBC Nikko Securities Inc.**

Issuer Credit Rating

A/Positive/A-1

**Sumitomo Mitsui Banking Corp.**

Issuer Credit Rating

A/Positive/A-1

Commercial Paper

A-1

Senior Unsecured

A

Senior Unsecured

A-1

Subordinated

A-

**Sumitomo Mitsui Banking Corp. (China) Ltd.**

Issuer Credit Rating

A/Positive/A-1

**Sumitomo Mitsui Banking Corp. Europe Ltd.**

Issuer Credit Rating

A/Positive/A-1

**Sumitomo Mitsui Finance and Leasing Co. Ltd.**

Issuer Credit Rating

A-/Stable/--

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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